Why focus on Southeast Asia?

Revenues of the Southeast Asia games market will double to $2.2 Bn by 2017

Key reasons why Southeast Asia will be the key battleground for global players in the game space.

1. World’s Fastest Growing Games Region
2. Enormous Underlying Online Connectivity and Economic Growth
3. Already a $Bn Games Market
4. Mobile Games are Dominant
5. Established Western Distribution Channels
6. High English Language Penetration

Source: Newzoo 2014 Southeast Asia Games Market Report
Southeast Asia’s economic growth prospects, huge population, and fast-rising (mobile) internet connectivity essentially guarantee double-digit growth rates in terms of game spending for many years to come.

Southeast Asia is growing beyond other similar regions such as LATAM. Projections show 85% of games industry growth by 2017 will come from Asia.

In certain ways Southeast Asia resembles Europe as a region, not only in terms of population size, but more importantly, in terms of diversity of individual countries.

From a games market perspective, this results in significant differences in gamer demographics, genre preferences and spending behavior.

### Fastest Growing Games Region

Underlying Growth 2013 to 2017 (CAGR)

- Latin America: +4.9%
- Eastern Europe: +6.6%
- Southeast Asia: +10.2%
- Latin America: +6.8%
- Eastern Europe: +4.1%
- Southeast Asia: +13.1%

#### Economic Growth (GDP)

<table>
<thead>
<tr>
<th>Region</th>
<th>Growth 2013-2017 (CAGR)</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Southeast Asia</td>
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</table>

#### Online Connectivity Growth

<table>
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<th>Region</th>
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</table>

#### KPI Regional Comparisons 2014

<table>
<thead>
<tr>
<th>Region</th>
<th>Population</th>
<th>Online Population (%)</th>
<th>Gamers</th>
<th>Game Revenues</th>
<th>CAGR 2013-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Latin America</td>
<td>621,000,000</td>
<td>311,000,000 (50%)</td>
<td>176,000,000</td>
<td>$3,349,000,000</td>
<td>+14.2%</td>
</tr>
<tr>
<td>Eastern Europe</td>
<td>354,000,000</td>
<td>218,000,000 (62%)</td>
<td>134,000,000</td>
<td>$2,445,000,000</td>
<td>+14.7%</td>
</tr>
<tr>
<td>Southeast Asia</td>
<td>626,000,000</td>
<td>188,000,000 (30%)</td>
<td>126,000,000</td>
<td>$1,094,000,000</td>
<td>+28.8%</td>
</tr>
</tbody>
</table>

### Game Revenues 2014

<table>
<thead>
<tr>
<th>Region</th>
<th>Revenues 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand</td>
<td>$230.3M</td>
</tr>
<tr>
<td>Malaysia</td>
<td>$214.2M</td>
</tr>
<tr>
<td>Singapore</td>
<td>$201.6M</td>
</tr>
<tr>
<td>Indonesia</td>
<td>$181.1M</td>
</tr>
<tr>
<td>Vietnam</td>
<td>$155.8M</td>
</tr>
<tr>
<td>Philippines</td>
<td>$96.8M</td>
</tr>
</tbody>
</table>

Source: Newzoo 2014 Southeast Asia Games Market Report
Southeast Asia Better Option than China?

Southeast Asia may be easier to enter than China and has already become a battleground for global players in the games space.

One reason for this is that all countries in the region are familiar with English as a language of international business and popular culture. In Singapore and Philippines, English is an official language. In Malaysia, English is an active second language and other regions widely use English in business.

Southeast Asia also shares many of the same preferences for social networks as the West. As high as 95% of those using mobile social networks or chat applications in Vietnam are actively on Facebook. The lowest percentage of Facebook users in the region is Indonesia, and that is still at 78%. Twitter and Instagram are also utilized at a good rate in all regions.

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**Estimated English Speakers**

- **Singapore**: 80%
- **Philippines**: 57%
- **Malaysia**: 32%
- **Thailand**: 27%
- **Indonesia**: <15%
- **Vietnam**: <10%
- **China**: <1%

**Popularity of Social Networks**

- **Indonesia**:
  - Facebook: 78%
  - Twitter: 45%
  - Instagram: 30%
  - YouTube: 36%

- **Malaysia**:
  - Facebook: 87%
  - Twitter: 36%
  - Instagram: 43%

- **Philippines**:
  - Facebook: 91%
  - Twitter: 34%
  - Instagram: 27%

- **Singapore**:
  - Facebook: 86%
  - Twitter: 32%
  - Instagram: 36%

- **Thailand**:
  - Facebook: 89%
  - Twitter: 26%
  - Instagram: 39%

- **Vietnam**:
  - Facebook: 95%
  - Twitter: 21%
  - Instagram: 8%

Source: 2015 Newzoo Data Explorer
Mobile Gaming in SEA

Overall, half of the top grossing games in Southeast Asia are Western titles. Western games are most popular in the Philippines, where they make up 65% of the top games. Only 35% of the top games in Thailand are Western titles, the lowest percentage in Southeast Asia.

King and Supercell are by far the most dominant Western publishers with their hit titles making apperances in every Top 20 ranking.

# of Top Grossing Apps from Western Companies January 2015

<table>
<thead>
<tr>
<th>Country</th>
<th>Apple</th>
<th>Google Play</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indonesia Top 20</strong></td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td><strong>Phillipines Top 20</strong></td>
<td>15</td>
<td>11</td>
</tr>
<tr>
<td><strong>Thailand Top 20</strong></td>
<td>8</td>
<td>6</td>
</tr>
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<td>8</td>
</tr>
<tr>
<td><strong>Vietnam Top 20</strong></td>
<td>9</td>
<td>7</td>
</tr>
</tbody>
</table>
Indonesia: Urban and Working

Key Data for 2014

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>252,800,000</td>
</tr>
<tr>
<td>Online Population</td>
<td>52,600,000</td>
</tr>
<tr>
<td>Gamers</td>
<td>34,000,000</td>
</tr>
<tr>
<td>Paying Gamers</td>
<td>19,900,000</td>
</tr>
<tr>
<td>Annual Spend / Payer</td>
<td>$9.12</td>
</tr>
<tr>
<td>2014 Revenues (exl. Tax)</td>
<td>$181,100,000</td>
</tr>
</tbody>
</table>

An important demographic strength is Indonesia’s young population and corresponding large workforce, a key driver for growth of consumption. With a population of 252.8 million in 2014, Indonesia is the most populous country in Southeast Asia and fourth in the world. Over half of that population lives in an urban environment, with 10 million living in Jakarta alone, the most populous city in the region. Indonesia’s large population, growing middle class and mobile internet penetration contribute to reasons for investment.

51% of Indonesians live in an urban environment

Source: CIA The World Factbook 2014

A large percentage of mobile gamers in Indonesia have spent money on mobile games. Strategy games is the most popular mobile genre, with similar percentages of spenders and non-spenders across all of Indonesia’s top 5 mobile genres.

51% of mobile gamers spend money on mobile games

Source: 2015 Newzoo Data Explorer

Population
Online Population
Gamers
Paying Gamers
Annual Spend / Payer
2014 Revenues (exl. Tax)
Malaysia: Multiscreen Gamers

Key Data for 2014

- **Population**: 30,200,000
- **Online Population (%)**: 21,400,000
- **Gamers**: 14,300,000
- **Paying Gamers**: 6,600,000
- **Annual Spend / Payer**: $32.61
- **2014 Revenues (exl. Tax)**: $214,200,000

Source: Newzoo 2014 Southeast Asia Games Market Report

In Southeast Asia, Malaysia is the country where playing on multiple screens is most popular. Of all Malaysian gamers, 26.5% play on all four screens: Computer Screen (PC), Personal Screen (smartphone), Entertainment Screen (console) and Floating Screen (tablet/handheld console). This is above the global average of 23.9%.

Computer screens and personal screens are the most prevalently used, with 93.2% and 87.4%, respectively, of the gaming population utilizing these.

27% of gamers play on all four screens

Source: Newzoo 2014 Southeast Asia Games Market Report

Many mobile gamers in Malaysia have spent money on mobile games. This is especially interesting considering that the annual spend is second highest in Southeast Asia at $32.61 per spender.

43% of mobile gamers spend money on mobile games

Source: 2015 Newzoo Data Explorer
Philippines: Increasingly Online

Between 2004 and 2014, internet access in the Philippines grew more than 800%, the fastest rate in Southeast Asia, due primarily to the boom in mobile internet.

Other contributing factors include: investments from telecom companies into expanding coverage across the islands, computer literacy programs in schools, and increasing affordability of computers and gadgets. Internet penetration reached 42% in 2014, translating to an online population of about 42 million.

42% of the Philippines is online, compared to 5% only 10 years ago

Source: ITU, Newzoo forecast for 2014

The Philippines has a lower percentage of mobile game spenders compared to the rest of the region, and similar percentages of spenders and non-spenders across all of the Philippines’ top 5 mobile genres.

38% of mobile gamers spend money on mobile games

Source: 2015 Newzoo Data Explorer
Singapore: Payers Spend Big

Singapore has the lowest percentage of paying mobile gamers at 29%, but those mobile game spenders have far and away the highest annual spend per payer in Southeast Asia at $189 across all platforms. When looking at payers by platform, tablet and mobile phone gamers have the highest average yearly spend compared to payers on other screens.

One factor that certainly contributes to the high spend per payer overall is that Singapore has the third highest per-capita GDP (PPP) in the world.

### Key Data for 2014

| Population | 5,500,000 |
| Online Population | 4,100,000 |
| Gamers | 2,800,000 |
| Paying Gamers | 1,100,000 |
| Annual Spend / Payer | $189.30 |
| 2014 Revenues (exl. Tax) | $201,600,000 |

Source: Newzoo 2014 Southeast Asia Games Market Report

Strategy games is the most popular mobile genre among non-spenders, while action or adventure games is the most popular mobile genre among spenders.

The highest annual spend per player in Southeast Asia is $189.

Source: Newzoo 2014 Southeast Asia Games Market Report

### Popularity of Mobile Game Genres Amongst Mobile Gamers

- **Spenders**
  - Strategy Games: 30%
  - Role Playing Games: 22%
  - Puzzles / 3-in-a-row Games: 21%
  - Arcade Games: 19%
  - Action / Adventure Games: 26%

- **Non-Spenders**
  - Strategy Games: 22%
  - Role Playing Games: 21%
  - Puzzles / 3-in-a-row Games: 16%
  - Arcade Games: 18%
  - Action / Adventure Games: 26%

Source: 2015 Newzoo Data Explorer

29% of mobile gamers spend money on mobile games.

Source: 2015 Newzoo Data Explorer
Thailand: Largest Game Revenues

Thailand boasts the highest games revenues in Southeast Asia at $230.3M in 2014. More impressively, the revenues seen in 2014 are expected to grow to $490.9M by 2017, representing a CAGR of 30.9% and putting Thailand in the global top 20 countries by game revenues.

Currently mobile games revenues make up 31% of the total, but are projected to account for over half of game revenues by 2017.

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Almost half of mobile gamers in Thailand spend money on mobile games. Racing games is the most popular mobile genre among both spenders and non-spenders.

49% of mobile gamers spend money on mobile games

213% increase in game revenue between 2014 and 2017

Popularity of Mobile Game Genres Amongst Mobile Gamers

Source: Newzoo 2014 Southeast Asia Games Market Report

Source: Newzoo 2014 Southeast Asia Games Market Report

Source: 2015 Newzoo Data Explorer
Vietnam: Mobile Games on the Rise

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<tr>
<td>Online Population (%)</td>
<td>44,700,000</td>
</tr>
<tr>
<td>Gamers</td>
<td>31,400,000</td>
</tr>
<tr>
<td>Paying Gamers</td>
<td>12,300,000</td>
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<tr>
<td>Annual Spend / Payer</td>
<td>$12.67</td>
</tr>
<tr>
<td>2014 Revenues (exl. Tax)</td>
<td>$155,800,000</td>
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</table>

Source: Newzoo 2014 Southeast Asia Games Market Report

Racing games is the most popular mobile genre among both spenders and non-spenders. More non-spenders in Vietnam play brain-training or educational games than payers do.

39% of game revenues will be from mobile phones in 2017

Source: Newzoo 2014 Southeast Asia Games Market Report

48% of mobile gamers spend money on mobile games

Source: 2015 Newzoo Data Explorer

Although the mobile phone games segment currently has the highest number of players, smartphone games only account for about 18% of revenues in Vietnam.

However, this segment will see an impressive CAGR of 87.7%, the fastest in Southeast Asia, becoming the biggest segment by 2017. Additionally, revenues for mobile phones and tablets together will reach $161.6M in 2017, accounting for just over 50% of all games revenues.
Casual Connect Asia in Singapore brings together next-generation developers, publishers, distributors and platforms to explore the fastest growing region in the games industry. Explosive consumer growth coupled with proven creative development make APAC a valuable market to explore on both ends of the value chain, and Casual Connect Asia brings the perfect mix of business and creativity enabling you to stake your claim in the region’s potential.

http://usa.casualconnect.org

For press inquiries, please email jessica@casualgamesassociation.org

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Casual Connect Tel-Aviv November 2015
Casual Connect Europe in Amsterdam February 2016

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Newzoo is an international full service market research and consulting firm, focused completely on the games industry. It provides independent market data across all game segments, business models and regions of the world based on a unique combination of primary consumer research, transactional data and financial analysis.

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